

## Message Text

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ACTION AF-06

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-03 H-02

INR-07 L-02 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02

OPIC-03 CIEP-01 LAB-04 SIL-01 OMB-01 SAM-01 /091 W

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FM AMCONSUL LUANDA

TO SECSTATE WASHDC 3476

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E.O. 11652: N/A

TAGS: EFIN PO AO

SUBJECT: BANKING AND INSURANCE: MPLA TRIES TO BREAK THE BANK  
NEGOTIATIONS DEADLOCK FAILS

REF: LUANDA 0435

1. MPLA NEGOTIATORS ON THE "TECHNICAL COMMISSION" SET UP TO DEAL WITH THE BANK NATIONALIZATION ISSUE RECENTLY ATTEMPTED TO CHANGE THE POLITICAL GROUND RULES (REFTEL), BUT WERE REBUFFED BY UNITA AND FNLA REPRESENTATIVES WHO APPEALED TO THE PRESIDENTIAL COUNCIL TO REITERATE THE PRINCIPLE THAT THEIR COMMISSION IS TO DEAL ONLY WITH TECHNICAL ISSUES. MPLA WANTED TO REPLACE THE PRIOR AGREEMENT THAT THE TRANSITIONAL GOVERNMENT HAS INTERIM RIGHTS OF OWNERSHIP OF PRIVATE, NON-FOREIGN-OWNED ANGOLAN BANKS (REFTEL), WITH A SINGLE SENTENCE SAYING MERELY THAT THE RIGHTS OF THE ANGOLAN GOVERNMENT WOULD BE CONSIDERED IN RESOLVING THE ISSUE.

2. THE THREE UNITA AND THREE FNLA NEGOTIATORS, ALL BANKERS, REPORTEDLY SIGNED A JOINT MEMO TO THE PRESIDENTIAL COUNCIL ASKING THAT THE TECHNICAL COMMISSION ON WHICH THEY SERVE ESCHEW POLITICAL QUESTIONS AND CONCENTRATE ON TECHNICAL PROBLEMS.

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IMPLIED WAS A THREAT TO RESIGN IF THE COUNCIL FAILED TO

RE-EMPHASIZE THE LIMITED ROLE OF THE COMMISSION.

3. THE REASONING BEHIND THE MPLA INITIATIVE IS UNCLEAR. ITS EFFECT WOULD BE TO REDUCE ANGOLA'S LEVERAGE VIS-A-VIS PORTUGAL IN SPLITTING UP THE TWO COUNTRIES' COMING LED FINANCIAL ASSETS, INCLUDING THE REAL PRIZE, THE BANK OF ANGOLA.

4. GOVERNMENT INTERVENTION IN THE DAY-TO-DAY OPERATIONS OF THE COMMERCIAL BANKS IS SLOWLY DECREASING, MOST RAPIDLY IN PARTIALLY FOREIGN-OWNED BANKS SUCH AS INTER-UNIDO (CITY CORP) AND TOTTA STANDARD (STANDARD BANK). SLOWEST IS BANCO PINTO E SOTTO MAYOR, A BRANCH, RATHER THAN AN AFFILIATE, OF THE NATIONALIZED PORTUGUESE PARENT BANK.

5. BANK WORKERS UNION LEADERSHIP (PRO-MPLA AND PRO-ULTIMATE GOVERNMENT OWNERSHIP) HAS DECIDED NOT TO BRING TO A VOTE ITS RESOLUTION FAVORING PERMANENT STATE OWNERSHIP OF ANGOLAN BANKS. THE LEADERSHIP APPARENTLY FEELS IT MIGHT BE DEFEATED AND TOPPLED IN THE AFTERMATH.

6. THE GOVERNMENT ENTITY WITH RESPONSIBILITY FOR BANKING AND INSURANCE COMPANY OPERATIONS HAS REPORTEDLY ISSUED A DIRECTIVE PROHIBITING FURTHER ISSUE OF FOREIGN EXCHANGE TO PAY FOREIGN CLAIMS ON INSURANCE ISSUED IN ANGOLA. ALTHOUGH PHONY INSURANCE CLAIMS ARE PROBABLY BEING UTILIZED TO EXPORT CAPITAL, THE EFFECT OF THE DIRECTIVE WILL BE RETALIATION AND THE STOPPING OF PAYMENTS FOR ANGOLAN CLAIMS AGAINST FOREIGN INSURERS. ON BALANCE ANGOLA WILL LOSE MORE HARD CURRENCY THAN IT SAVES BY THIS MEASURE.

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